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SENATE BILL 1061

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Sue Wilson Beffort

AN ACT

RELATING TO HEALTH INSURANCE; AMENDING THE NEW MEXICO INSURANCE
CODE TO AUTHORIZE BASIC HEALTH COVERAGE TO BE AVAILABLE TO
SMALL EMPLOYERS AND INDIVIDUALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of Chapter 59A, Article 22 NMSA
1978 is enacted to read:

"NEW MATERIAL BASIC INDIVIDUAL HEALTH INSURANCE. --

A. In lieu of an individual health insurance policy
containing those provisions otherwise required under the
Insurance Code, each insurer that delivers or issues for
delivery in this state an individual health insurance policy
shall offer and make available a basic individual health
insurance policy.

B. As used in this section, "basic individual

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1 health insurance policy" means a policy for individual health
2 insurance issued pursuant to the provisions of Sections
3 59A-22-1 through 59A-22-32.1 NMSA 1978 and includes benefits
4 provided pursuant to:

- 5 (1) Section 59A-22-33 NMSA 1978;
- 6 (2) Section 59A-22-34 NMSA 1978;
- 7 (3) Section 59A-22-34.1 NMSA 1978;
- 8 (4) Section 59A-22-34.2 NMSA 1978;
- 9 (5) Section 59A-22-34.3 NMSA 1978;
- 10 (6) Section 59A-22-39 NMSA 1978;
- 11 (7) Section 59A-22-39.1 NMSA 1978;
- 12 (8) Section 59A-22-40 NMSA 1978; and
- 13 (9) Section 59A-22-41 NMSA 1978.

14 C. A policy offered pursuant to Subsection B of
15 this section shall not include benefits provided pursuant to:

- 16 (1) Section 59A-22-34.4 NMSA 1978;
- 17 (2) Section 59A-22-35 NMSA 1978;
- 18 (3) Section 59A-22-36 NMSA 1978;
- 19 (4) Section 59A-22-41.1 NMSA 1978;
- 20 (5) Section 59A-22-42 NMSA 1978;
- 21 (6) Section 59A-22-43 NMSA 1978;
- 22 (7) Section 59A-22-44 NMSA 1978;
- 23 (8) Section 59A-22-45 NMSA 1978; and
- 24 (9) any other provision of law that mandates

25 coverage of specific health care services.

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1 D. A policy offered pursuant to Subsection B of
2 this section shall contain the following deductible provisions:

3 (1) self-only coverage with an annual
4 deductible of not less than six hundred dollars (\$600); and

5 (2) family coverage with an annual deductible
6 of not less than one thousand two hundred dollars (\$1,200). "

7 Section 2. A new section of Chapter 59A, Article 23 NMSA
8 1978 is enacted to read:

9 " [NEW MATERIAL] SMALL EMPLOYER OPTION--BASIC GROUP HEALTH
10 INSURANCE. --

11 A. In lieu of a group health insurance policy
12 containing those provisions otherwise required under the
13 Insurance Code, each insurer that delivers or issues for
14 delivery in this state a group health insurance policy shall
15 offer and make available a basic group health insurance policy
16 to a small employer for the benefit of the small employer's
17 employees.

18 B. As used in this section, "basic group health
19 insurance policy" means a policy for group health insurance
20 pursuant to the provisions of Sections 59A-23-1 through
21 59A-23-5 NMSA 1978:

22 (1) to which the following provisions are not
23 applicable:

24 (a) Section 59A-22-32 NMSA 1978;

25 (b) Section 59A-22-32.1 NMSA 1978;

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- 1 (c) Section 59A-22-34.4 NMSA 1978;
- 2 (d) Section 59A-22-35 NMSA 1978;
- 3 (e) Section 59A-22-36 NMSA 1978;
- 4 (f) Section 59A-23-6 NMSA 1978;
- 5 (g) Section 59A-23E-18 NMSA 1978; and
- 6 (h) any other provision of law that
- 7 mandates coverage of specific health care services; and

8 (2) that contains the following deductible
9 provisions:

10 (a) self-only coverage with an annual
11 deductible of not less than six hundred dollars (\$600); and

12 (b) family coverage with an annual
13 deductible of not less than one thousand two hundred dollars
14 (\$1,200).

15 C. As used in this section, "small employer" means
16 any person, firm, corporation, partnership or association
17 actively engaged in business that, on at least fifty percent of
18 its working days during either of the two preceding years,
19 employed no less than two and no more than ten eligible
20 employees; provided that:

21 (1) in determining the number of eligible
22 employees, the spouse or dependent of an employee may, at the
23 employer's discretion, be counted as a separate employee;

24 (2) companies that are affiliated companies or
25 that are eligible to file a combined tax return for purposes of

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1 state income taxation shall be considered one employer; and

2 (3) in the case of an employer that was not in
3 existence throughout a preceding calendar year, the
4 determination of whether the employer is a small or large
5 employer shall be based on the average number of employees that
6 it is reasonably expected to employ on working days in the
7 current calendar year. "

8 Section 3. A new section of Chapter 59A, Article 23 NMSA
9 1978 is enacted to read:

10 "[NEW MATERIAL] OTHER PROVISIONS APPLICABLE. --

11 A. A basic group health insurance policy or
12 contract issued or delivered in this state pursuant to Section
13 2 of this act shall not contain a provision relative to notice
14 or proof of loss or the time for paying benefits or the time
15 within which suit may be brought upon the policy that in the
16 superintendent's opinion is less favorable to the insured than
17 would be permitted in the required or optional provisions for
18 individual health insurance policies as set forth in Chapter
19 59A, Article 22 NMSA 1978.

20 B. Except for Subsection C of Section 59A-22-1 NMSA
21 1978, the following provisions of Chapter 59A, Articles 22 and
22 23 NMSA 1978 shall also apply to basic group health insurance
23 contracts issued for delivery in this state:

24 (1) Sections 59A-22-1 through 59A-22-31 NMSA
25 1978;

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- 1 (2) Section 59A-22-33 NMSA 1978;
- 2 (3) Section 59A-22-34 NMSA 1978;
- 3 (4) Section 59A-22-34.1 NMSA 1978;
- 4 (5) Section 59A-22-34.2 NMSA 1978;
- 5 (6) Section 59A-22-34.3 NMSA 1978;
- 6 (7) Section 59A-22-39 NMSA 1978;
- 7 (8) Section 59A-22-39.1 NMSA 1978;
- 8 (9) Section 59A-22-40 NMSA 1978;
- 9 (10) Section 59A-22-41 NMSA 1978;
- 10 (11) Section 59A-23-7 NMSA 1978; and
- 11 (12) Section 59A-23-7.2 NMSA 1978.

12 C. The following provisions of Chapter 59A,
13 Articles 22 and 23 NMSA 1978 shall not apply as to basic group
14 health insurance contracts:

- 15 (1) Section 59A-22-32 NMSA 1978;
- 16 (2) Section 59A-22-32.1 NMSA 1978;
- 17 (3) Section 59A-22-34.4 NMSA 1978;
- 18 (4) Section 59A-22-35 NMSA 1978;
- 19 (5) Section 59A-22-36 NMSA 1978;
- 20 (6) Section 59A-22-41.1 NMSA 1978;
- 21 (7) Section 59A-22-42 NMSA 1978;
- 22 (8) Section 59A-22-43 NMSA 1978;
- 23 (9) Section 59A-22-44 NMSA 1978;
- 24 (10) Section 59A-22-45 NMSA 1978; and
- 25 (11) Section 59A-23-6 NMSA 1978. "

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1 Section 4. A new section of Chapter 59A, Article 46 NMSA
2 1978 is enacted to read:

3 "[NEW MATERIAL] BASIC SERVICES. --

4 A. A health maintenance organization may deliver or
5 offer to deliver a contract for basic services to individuals
6 and small employers pursuant to Sections 59A-46-1 through
7 59A-46-34 NMSA 1978 and this section that includes benefits
8 described in:

- 9 (1) Section 59A-46-37 NMSA 1978;
- 10 (2) Section 59A-46-38 NMSA 1978;
- 11 (3) Section 59A-46-38.1 NMSA 1978;
- 12 (4) Section 59A-46-38.2 NMSA 1978;
- 13 (5) Section 59A-46-41 NMSA 1978;
- 14 (6) Section 59A-46-41.1 NMSA 1978;
- 15 (7) Section 59A-46-42 NMSA 1978; and
- 16 (8) Section 59A-46-43 NMSA 1978.

17 B. Contracts delivered or offered for delivery
18 pursuant to Subsection A of this section shall not contain
19 benefits offered pursuant to the following sections:

- 20 (1) Section 59A-46-35 NMSA 1978;
- 21 (2) Section 59A-46-36 NMSA 1978;
- 22 (3) Section 59A-46-39 NMSA 1978; and
- 23 (4) Section 59A-46-40 NMSA 1978.

24 C. As used in this section:

- 25 (1) "basic services" means those basic health

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1 care services provided pursuant to Section 59A-46-8 NMSA 1978
2 and includes benefits required in Subsection A of this section;
3 and

4 (2) "small employer" means any person, firm,
5 corporation, partnership or association actively engaged in
6 business that, on at least fifty percent of its working days
7 during either of the two preceding years, employed no less than
8 two and no more than ten eligible employees; provided that:

9 (a) in determining the number of
10 eligible employees, the spouse or dependent of an employee may,
11 at the employer's discretion, be counted as a separate
12 employee;

13 (b) companies that are affiliated
14 companies or that are eligible to file a combined tax return
15 for purposes of state income taxation shall be considered one
16 employer; and

17 (c) in the case of an employer that was
18 not in existence throughout a preceding calendar year, the
19 determination of whether the employer is a small or large
20 employer shall be based on the average number of employees that
21 it is reasonably expected to employ on working days in the
22 current calendar year. "

23 Section 5. A new section of Chapter 59A, Article 47 NMSA
24 1978 is enacted to read:

25 "[NEW MATERIAL] BASIC BENEFIT CONTRACT. --

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1 A. A health care plan may deliver or offer to
2 deliver a basic benefit contract to individuals or small
3 employers to make health care payments pursuant to Sections
4 59A-47-1 through 59A-47-26, 59A-47-29 through 59A-47-34 and
5 59A-47-36 NMSA 1978 and for benefits provided pursuant to
6 Sections 59A-47-27 and 59A-47-37 NMSA 1978.

7 B. Basic benefit contracts delivered or offered for
8 delivery pursuant to this section shall not include benefits
9 provided pursuant to the following sections:

- 10 (1) Section 59A-47-28 NMSA 1978;
- 11 (2) Section 59A-47-28.1 NMSA 1978;
- 12 (3) Section 59A-47-28.2 NMSA 1978;
- 13 (4) Section 59A-47-28.3 NMSA 1978; and
- 14 (5) Section 59A-47-35 NMSA 1978.

15 C. As used in this section:

16 (1) "basic benefit contract" means a contract
17 to make health care payments pursuant to Subsections A and B of
18 this section; and

19 (2) "small employer" means any person, firm,
20 corporation, partnership or association actively engaged in
21 business that, on at least fifty percent of its working days
22 during either of the two preceding years, employed no less than
23 two and no more than ten eligible employees; provided that:

24 (a) in determining the number of
25 eligible employees, the spouse or dependent of an employee may,

1 at the employer's discretion, be counted as a separate
2 employee;

3 (b) companies that are affiliated
4 companies or that are eligible to file a combined tax return
5 for purposes of state income taxation shall be considered one
6 employer; and

7 (c) in the case of an employer that was
8 not in existence throughout a preceding calendar year, the
9 determination of whether the employer is a small or large
10 employer shall be based on the average number of employees that
11 it is reasonably expected to employ on working days in the
12 current calendar year. "